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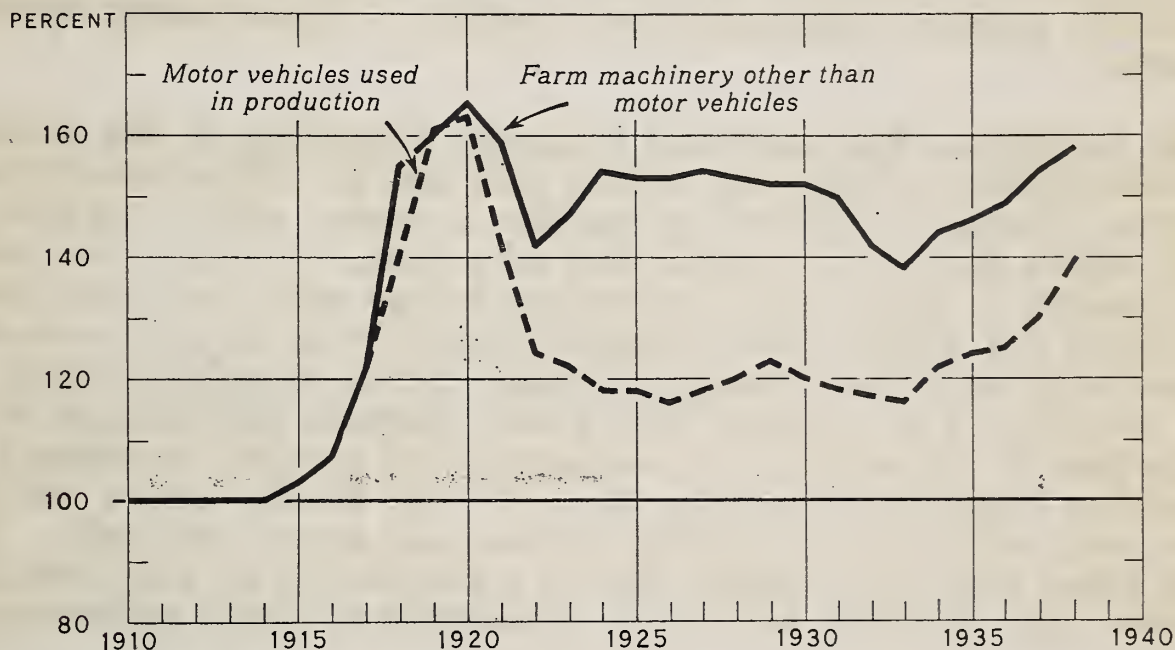
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D.C.

JUNE 15, 1939

PRICES PAID BY FARMERS FOR MOTOR VEHICLES AND OTHER FARM MACHINERY, 1910-38

INDEX NUMBERS (1910-14=100)



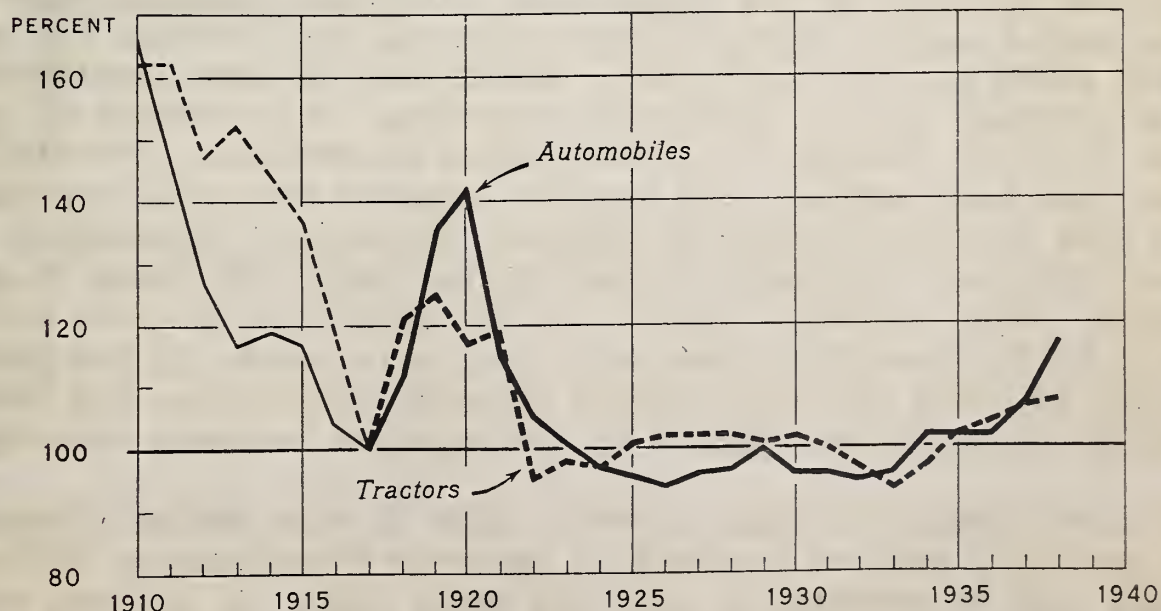
U.S. DEPARTMENT OF AGRICULTURE

NEG. 35030

BUREAU OF AGRICULTURAL ECONOMICS

PRICES PAID BY FARMERS FOR AUTOMOBILES AND TRACTORS, UNITED STATES, 1910-38

INDEX NUMBERS (1917=100)



U.S. DEPARTMENT OF AGRICULTURE

NEG. 35016

BUREAU OF AGRICULTURAL ECONOMICS

PRICES OF MOTOR VEHICLES USED BY FARMERS SINCE 1920 HAVE BEEN CONSIDERABLY LOWER, RELATIVE TO PRE-WAR, THAN PRICES OF OTHER FARM MACHINERY. SINCE 1933 MOTOR VEHICLES REGAINED ABOUT HALF THE DECLINE WHICH OCCURRED FROM 1920 TO 1926, WHILE OTHER FARM MACHINERY PRICES IN 1938 WERE BACK ALMOST TO WAR-TIME LEVELS. PRICES OF AUTOMOBILES AND PRICES OF TRACTORS HAVE FOLLOWED MUCH THE SAME GENERAL TREND.

DOMESTIC DEMAND

Developments during the past month have given further indications of moderate improvement this summer and fall in industrial activity and consumer incomes. No marked changes are expected, however, and the general business situation and demand for farm products probably will continue relatively stable throughout the year.

The Federal Reserve index of industrial production declined to 92 in April. Consumer purchasing power also declined. Preliminary indications are that May industrial production was close to the April level. The June rate may be slightly higher, improvement in a number of lines having occurred in recent weeks.

Coal production has recovered following cessation of the strike in May, and the replenishment of depleted stocks will add to production during the summer. Steel production picked up sharply in recent weeks, following the placing of orders when price concessions were made. The probable distribution of shipments on these orders indicates fairly well sustained steel activity during the summer, when production ordinarily is down seasonally. Building activity continues strong, although little or no additional stimulus from this industry is in prospect this year. Despite conflicting reports regarding the time of introduction of new automobile models, it appears probable that industries supplying materials for cars will become active earlier than usual this year, stimulating activity in the late summer and fall. Partly offsetting these favorable factors may be a slackening in some textile lines, and a greater than seasonal decline in automobile assembly operations.

Whether or not the anticipated summer improvement in industrial conditions will be continued into the late fall and winter, with a gradually rising tendency, will depend partly upon the extent to which commodity prices respond to the generally improved outlook. Commodity prices recently have shown a strengthening tendency despite the continued absence of forward or speculative buying. If the improvement continues, business men may modify the hand-to-mouth buying policy which has been current for several months, and there may be a sufficient increase in forward commitments to start a substantial rise in industrial activity. The movement of goods into hands of final consumers has been fairly encouraging, inventories in many lines have been reduced, and any real show of strength in prices should result in more confident action by buyers. Noticeable improvement in business conditions and sentiment in Great Britain may contribute to such a development. Other important factors in the situation for late fall and winter will be the reception given new automobile models by the public, the way in which building activity resists seasonal influences, and the way in which capital expenditures respond to the improved business outlook.

It now appears probable, however, that no very marked changes in business activity, such as occurred in opposite directions in 1936-37 and in 1937-38, will be repeated in 1939 and early 1940. It is true that business activity in the past generally has been characterized by wide fluctuations rather than by stability. There have been, nevertheless, some

rather extended periods of relatively stable conditions and it is not at all improbable that changes in industrial activity during the next year or more will be less marked than those which have occurred in most years since 1929.

Production and consumption of consumers' goods in general have been sufficiently in line during recent months to call for no drastic balancing adjustments. The sobering influence of events since 1937 should prevent an early repetition of the sort of business psychology which resulted in the run-away period of inventory accumulation and consequent sharp stimulation of industrial production in 1936-37. Even if the expected summer and fall pick-up should result in a considerable improvement of business sentiment, it seems unlikely that any large volume of business spending for capital goods can get under way this year. Although the volume of such expenditures is affected by domestic and international conditions aside from the current movement of business activity, sustained improvement in the latter would seem to be a prerequisite for any considerable increase in the volume of production of new capital goods. Thus, there is little basis for anticipating a rapid industrial expansion this year. On the other hand, the present situation with respect to the level of industrial production in relation to consumption, inventories, forward commitments, and business spending is not conducive of a sharp or sustained downswing, as evidenced by the resistance to unfavorable developments during the first part of this year.

FOREIGN DEMAND

The general foreign industrial situation is continuing the slight improvement which was noted a month ago. The improvement is almost entirely attributable to the stimulus being given by Government expenditures for military preparations. While political tension in Europe remains high, there is little likelihood of such expenditure being decreased, so that further improvement may occur, at least in the next few months.

The Economist index of business activity in the United Kingdom during April was 3 points higher than in March, continuing the fairly rapid rise begun in January. The rise in the index reflected largely developments in coal, ship building, iron and steel, and other metals--all industries receiving heavy government orders. There are indications that expenditures under the defense program would have caused even more improvement in the index, were it not for a continuation of the decline in the sections of industry dependent on nongovernment demand. New private capital issues during the first 4 months of 1939 were at their lowest levels since the great war. A considerable decline in exports took place during April. The combined effects of the defense program and conscription are such, nevertheless, that some commentators foresee a labor shortage in the near future. In addition, they fear that the heavy government expenditures may increase imports and (by raising costs) decrease exports to such an extent that there will be pressure for a resort to some type of import-control measures designed to check imports of luxury articles.

The situation in France is similar to that in the United Kingdom in some respects. The economic advance of recent months has been due largely to what amounts to a program of public works for defense purposes. The advance

is being led by iron and steel and coal, but industries not directly benefiting from armaments expenditures are marking time. Nevertheless, business men seem to look forward to the near future with some confidence. Furthermore, unlike the United Kingdom, France experienced a rise of exports and a decline of imports in April, resulting in an unusually low import trade balance for the month.

The Annalist index of business activity in Canada turned up in April, ending the sharp decline begun in November. This is the second decided recent change which has taken place in the Canadian index independently of developments in the United States. The rise occurred principally in carloadings, iron and steel production, and exports of copper, nickel, and lumber.

The raw material producing countries, with the exception of South Africa, continue to be in a relatively weak position. Imports have been reduced, as a result of the low export prices of the past year. With the index of commodity prices at a five-year low, there is little prospect of an increase in imports in the near future.

WHOLESALE PRICES

The general level of wholesale prices has shown no significant change since early April. During this period the Bureau of Labor Statistics index of wholesale prices has averaged 76 percent of the 1926 level, or 111 percent of the 1910-14 level.

Little change in the general level of wholesale prices appears likely in the next few months, but the general tendency may be slightly upward. Several factors contribute to this prospective improvement in prices. The downtrend of industrial production apparently has stopped, with an improvement now probable. Inventories of many manufacturers and distributors have been further reduced, until stocks are no longer excessive. Furthermore, the sharp upturn in business conditions in England and some other countries points to firmer prices for some international commodities.

Prices of some agricultural products - particularly grains and cotton - have displayed considerable strength since mid-April. Since mid-May, however, the upturn in some prices has not been sufficient to counteract declines in others, notably prices of livestock and poultry. Since mid-May the trend in prices of nonagricultural commodities has been slightly downward, declines in prices of foods, fuel, metals, and miscellaneous commodities more than offsetting moderate increases in prices of textiles, hides and leather commodities.

The ratio of wholesale prices of farm products to nonagricultural products for the week ended June 3 was 76 percent of the pre-war level, compared with 79 for the corresponding week a year earlier.

The combined index of wholesale prices in nine foreign countries which take about 80 percent of our agricultural exports was 86 percent of the 1924-29 level in April. The composite series has fluctuated within a narrow range in the last 12 months. Since early April, however, prices in England and Canada have been strengthening somewhat, after declining moderately for about 2 years.

PRICES RECEIVED AND PAID BY FARMERS

Market prices indicate that the general level of prices received by farmers in mid-June is about the same or slightly lower than in mid-May. Declines in prices of meat animals, chickens, and truck crops have been about offset by increased prices of cotton, butterfat, and most fruit.

The general level of prices received by farmers in mid-May was 90 percent of the pre-war average, compared with 89 in April and 92 in May 1938. The one-point rise from April to May was the first advance in the index of prices received by farmers since December. A rise in prices of grain, cotton, fruit, and truck crops more than offset declines in prices of the other commodity groups.

Prices paid by farmers for commodities have been unchanged since December, at 120 percent of the 1910-14 average. The May 1939 level is 5 points below the average for May 1938. As a result of the rise in farm prices, the ratio of prices received to prices paid advanced to 75 percent in May, compared with 74 percent both one month and one year earlier.

FARM INCOME

Preliminary indications are that income from farm marketings increased seasonally from April to May, and in May was not greatly different from the estimate of \$510,000,000 for May 1938. Income from meat animals, poultry products, and wool was larger than for a year earlier but returns from dairy products and most crops were smaller. Government payments were considerably larger than the \$44,000,000 paid in May last year but were somewhat smaller than the \$90,000,000 paid in April.

Present crop conditions indicate a much smaller production of the principal crops than in 1938 and the volume of sales of crops in general for the remainder of 1939 will probably be less than for a year earlier. The carry-over of cotton, wheat, and corn will be large but most of these supplies will be under Government loan and it is difficult to determine the effect that this will have on income from marketings of 1939 crops. Loans on the 1939 crop of corn, wheat, and cotton are in prospect, and a higher loan rate on wheat has been announced.

Income from those products which tend to move more directly into consumption will be influenced to a large extent by the trend of consumers' income during the next few months, but changes in supplies may have some influence on the size of farm income. Small vegetable crops (potatoes, sweetpotatoes, and truck crops) usually result in larger income, and present indications are that production of the principal vegetable crops, especially potatoes, probably will be below average this year.

Income from fruits and from livestock and livestock products, which is largely determined by the level of consumers buying power, may be slightly larger in the second than in the first half of 1939, if the indicated moderate increase in industrial activity actually takes place.

Present plans call for larger Government payments in the third quarter of 1938 than in July-September last year, as a large part of the price parity payments are expected to be made during this period. Larger Government payments will probably raise farmers cash income including Government payments for January-September above the level of these months in 1938.

WHEAT

Domestic wheat prices in the next few months will be affected largely by changes in crop developments. Wheat prices in domestic markets advanced the last half of May influenced by deterioration in domestic crop prospects and by the announcement of higher Federal loan rates on wheat. During the same period foreign wheat prices declined, the influence of unfavorable crop prospects in the United States and poor seeding conditions in the Argentine only partly offsetting favorable crop prospects in Europe and heavy offerings of Canadian and Argentine wheat. During the first half of June prices in both domestic and foreign markets declined following rains in North America, Argentina and portions of Europe, and liberal offerings, particularly from Argentina.

Based on the prospective plantings reported in March, the June 1 spring wheat condition of 71 percent (compared with the 10-year--1928-37--average of 75 percent), would indicate a probable production of 145 to 170 million bushels compared with last year's harvest of 244 million bushels. With a winter wheat crop of 523 million bushels, basis June 1 condition, a total crop of somewhat less than 700 million bushels is indicated compared with 931 million bushels last year. A crop of about 700 million bushels is equal only to about average domestic utilization and would provide an opportunity to reduce, by approximately the amount of our exports, the rather large July 1, 1939 wheat stocks, which are now expected to be about 265 million bushels.

Present indications point to a 1939 world* wheat crop somewhat smaller than the record crop of last year. A smaller Northern Hemisphere* crop is indicated by estimates of area seeded and conditions reported to date. Prospects in North America are for a crop considerably smaller than the large 1938 crop. The present outlook in Europe is also for a crop smaller than last year's record one. It is now expected that the total production in the Danubian countries may be somewhat below last year's and production in France, Belgium and the Netherlands may be expected to be significantly smaller than in 1938. Weather conditions in parts of Argentina and Australia have been unfavorable for seeding and germination.

COTTON

Further reductions in "free" stocks of American cotton, a continued high rate of domestic consumption and some improvement in general domestic business conditions contributed to a further rise of about a half cent a pound in domestic cotton prices during the month ended June 13. In addition, weather conditions were unfavorable in substantial parts of the domestic Cotton Belt during part of this period. Exports of American cotton continued exceptionally low.

* Excluding Soviet Russia and China.

The price of Middling 7/8" cotton in the ten designated markets advanced to 9.59 cents on June 8--the highest since August 1937--then declined slightly to 9.52 cents by June 13. The average in these markets on May 13 was 9.11 cents, in mid-April it was 8-1/3 cents, and for the month of June last year the average was 8.39 cents.

Domestic stocks of about 2,900,000 bales of "free" American cotton on June 1 were nearly 50 percent smaller than a year earlier. Despite the advance in cotton prices during recent weeks, little cotton has been withdrawn from Government loan stocks. Total domestic stocks exceeded the previous record high by about 1-2/3 million bales and the past 10-year June 1 average by about 95 percent.

United States mill consumption of 605,000 bales in May, was two-fifths larger than in May last year and considerably larger than the 10-year average. The daily rate of consumption in May was slightly less than in April. It now seems likely that total consumption for the season will approximate or possibly slightly exceed 6-3/4 million bales--compared with 5-3/4 million bales last season--which would be the second largest since 1928-29. Exceptionally favorable sales of unfinished cotton cloth occurred during the week ended June 2, and for the past 4 weeks as a whole sales were probably equal to or above production.

Apparently little net change occurred in foreign cotton mill activity during the past few weeks, with consumption of all cotton continuing much larger than the average rate of the past 10 years. Foreign consumption of American cotton, however, probably declined somewhat and was much lower than average, but was relatively higher than exports of cotton from the United States. Exports in May were only about one-third the 10-year May average.

Rainy weather in late May and early June was reported to have hampered cultivation in many sections of the Eastern and Central Cotton Belt where there were many grassy fields. The crop in Texas and Oklahoma was said to have made fairly good progress.

CORN AND OTHER FEED GRAINS

Market prices of corn and oats were practically unchanged, while price of No. 3 barley at Minneapolis was about 3 cents a bushel higher for the week ended June 10 than for the week ended May 13. Prices of oats and barley are now especially sensitive to growing conditions, and they may fluctuate considerably during the next month or so, with changing prospects for the new crops. The corn-loan program will continue to have a stabilizing effect upon corn prices unless prospects for this year's crop are unusually poor.

(It is expected that loans will be available to a larger number of farmers this year than in 1938 as a result of increased cooperation with the program. If production is below "normal domestic consumption and exports," the loan rate will be 75 percent of parity, which, on the basis of the May 15 parity price, would be 61 cents per bushel. If the crop is in excess of "normal domestic consumption and exports" by not more than 10 percent, a loan rate of 70 percent of parity will be offered, or on the basis of the May 15 parity price, 57 cents per bushel. "Normal domestic consumption and exports" for 1938-39 were established at 2,418,000,000 bushels. It is expected that the loan for 1939-40 will be based on the parity price in October. The May 15 parity price was 80.9 cents per bushel.)

Conditions in the important barley- and oat-producing States on June 1 were much less favorable than on that date last year. On the basis of the prospective acreage reported in March, the indicated production of oats as of June 1 is from 800 to 860 million bushels. The carry-over of oats on July 1 may be less than the 200 million bushels carried over last year, and the total supply for 1939-40 will probably be at least 200 million bushels below the 1,254,000,000-bushel supply available for 1938-39.

The barley carry-over on June 1 was 59 million bushels compared with 37 million bushels last year. Conditions on June 1 indicated a crop of 205 to 230 million bushels, which compares with 252 million bushels last year. While it is too early to make a forecast of the 1939 corn yield, conditions in much of the Corn Belt in early June were favorable. In some areas dry weather in May retarded seeding, and pests are reported to have caused some seed loss. In the principal Corn Belt, reports indicate, there will be a material increase again in the acreage planted to hybrid seed.

Exports of corn continued small and during April were less than 2 million bushels compared with more than 20 million bushels in April 1938. Exports, October through April, totaled 29,461,000 bushels. This compared with 64,835,000 bushels for the corresponding period of 1937-38.

HOGS

Some seasonal reduction in hog marketings is expected during the next 2 or 3 months. Supplies of hogs in the last quarter (July-September) of the 1937-38 marketing year were relatively large; consequently, the increase over a year earlier in the last quarter of the present marketing year may not be so great as in the earlier months of this year. In view of the probable large increase in the 1939 spring pig crop, a considerable seasonal increase in marketings is likely in the coming fall months. Marketings in the next several months, however, might be somewhat larger than otherwise if drought conditions in important hog-producing areas should become severe.

After declining almost steadily from late February to late April, prices of hogs were fairly steady during the first 3 weeks of May. But they weakened further in late May and early June. The average price of butcher hogs at Chicago for the week ended June 10 was \$6.40 compared with \$6.90 for the first week of May and \$8.05 for the last week of February. In early June the level of hog prices was the lowest since late 1934.

The weakness in hog prices during May was chiefly a reflection of the increase in hog marketings during the month. Inspected hog slaughter in May, totaling 3,416,000 head, was nearly 500,000 head larger than in April and more than 800,000 head larger than in May 1938. Marketings of packing sows as well as butcher hogs have increased seasonally during recent weeks.

The drop in hog prices since early April has been accompanied by a moderate advance in corn prices. In late May the ratio of hog prices to corn prices, although still above average, was the lowest since late September 1937. Feed supplies for the coming year will depend largely upon the outturn of feed

crops this year, the prospects for which are uncertain this early in the season. But with larger hog marketings in prospect for 1939-40, it is not to be expected that the ratio of hog prices to corn prices will be as favorable for expanding hog production as it has been in the past 2 years.

BEEF CATTLE

Slaughter supplies of cattle in May were considerably larger than in April and were larger than in May last year, apparently as a result of a sharp increase in the marketings of grain-fed cattle. Marketings of such cattle probably will increase somewhat further during the next few months and are likely to continue larger than a year earlier during the remainder of 1939.

The early spring drought became somewhat more serious during May, and range and pasture conditions on June 1 were much less favorable than a year earlier. Recent rains have improved the situation, but more moisture is needed in many areas. Although feed supplies generally are abundant, lack of rain probably would check, to some extent, the tendency to hold back breeding stock for increasing herds and would tend to weaken the demand for stocker and feeder cattle.

Prices of the better grades of slaughter cattle declined sharply from late April to early June. For the week ended June 10, the average price of choice and prime grade steers at Chicago was about \$2.25 lower than in mid-April, while prices of medium grade steers were about 75 cents lower. Prices of stocker and feeder steers declined fairly sharply in late May, and prices of slaughter cows weakened slightly. Despite the recent declines, prices of most kinds of cattle were still higher in early June than a year earlier. The average price of good grade slaughter steers at Chicago for the week ended June 10 was \$9.30 compared with \$9.16 for the corresponding week last year.

Inspected cattle slaughter in May totaled 814,000 head, which was 20 percent larger than in April, 5 percent larger than in May 1938, and the third largest for the month on record. For the first 4 months of 1939, inspected cattle slaughter was about 8 percent smaller than that of a year earlier.

LAMBS

The number of sheep and lambs slaughtered this summer may not be quite so large as a year earlier. The slaughter supply will include a considerable number of early lambs from California and Texas that were sold as feeders earlier in the season. Conditions in May were fairly favorable for lambs in most of the native sheep States, but dry weather has prevailed in large areas of the range States, and the situation is rather serious in parts of Texas, California, Idaho, Oregon, Washington and Wyoming. Recent rains improved the situation in some of the range States, but a large part of the area still lacks adequate moisture. Average weight and finish of lambs marketed this summer will not be so good as last summer, and the proportion going to feed lots probably will continue relatively large.

After advancing moderately in late April and early May, prices of lambs declined fairly sharply in late May and early June. The average price of good and choice spring lambs at Chicago for the week ended June 10 was \$9.75 compared with about \$10.90 a month earlier and \$9.65 a year earlier. Prices of slaughter ewes declined seasonally in May and early June.

Inspected slaughter of sheep and lambs in May totaled 1,392,000 head - 14 percent larger than in April but 10 percent smaller than in May last year. The smaller marketings of sheep and lambs in May than a year earlier reflects reduced supplies of both spring lambs and grass fat yearlings. The market movement of early lambs from California was about completed during May. There was some movement of early lambs from Idaho during late May and early June, but relatively few native spring lambs had been marketed by early June.

WOOL

The outlook for disposal of the 1939 domestic wool clip continues favorable. Prospects are for a fairly high level of domestic mill consumption in the next few months, although probably not so high as in the first quarter of this year. The trend of consumption in the late fall and winter will depend partly upon changes in business conditions in the second half of the year. The steady demand for wool in foreign markets and relatively small supplies in Southern Hemisphere countries should be strengthening factors in the domestic wool situation, at least until the new Southern Hemisphere clip becomes available in the fall.

Sales of wool in the Boston market and at country points were large in May and the early part of June and prices advanced. Mixed lots of country packed $3/8$ and $1/4$ blood bright fleece wools available for immediate shipment from producing areas were sold in the week ended June 10 for 31 cents a pound, grease basis, delivered to Eastern markets. Prices for these wools have advanced about 4 cents a pound since the middle of April. Early in June last year - when prices were at the lowest point of the season - similar wools of the 1938 clip were offered at 23 cents a pound. Prices of new clip wool at country points are now closely in line with quotations for graded spdt wools at Boston.

Domestic mill consumption of apparel wool declined sharply in April from the high level of the previous 8 months but was only 2 percent below the April average of the last 10 years. Consumption on a scoured basis in the first 4 months of this year was 85 percent larger than in the same months last year but smaller than in the like period in 1936 and 1937. Mill orders for fabrics for the fall season are reported to be much larger than a year earlier.

In the early months of this year the spread between domestic and foreign wool prices was wide enough to attract fairly large imports to the United States. Imports of apparel wool for consumption from January through April totaled 27 million pounds compared with only 5 million pounds imported a year earlier. Imports are likely to decline in the next few months.

BUTTER

The seasonal decline in butter prices is over and some rise in prices has occurred. The price of 92-score butter at New York in early June averaged about 1 cent higher than in April.

Production of creamery butter in April was 2 percent less than a year earlier, but the second largest on record for the month. Unless the drought becomes more serious in its effect on butter production, it seems probable that production during the summer may be nearly as large as the peak production for that period in 1938.

In contrast with the slight decline in butter production in April, apparent consumption of butter was 7 percent larger than a year earlier. This increase was due in large part to the distribution of butter for relief. Trade output through regular commercial channels was only 2 percent larger than in April 1938, while retail prices were 16 percent less. These changes indicate that consumer expenditures for butter were 14 percent less than a year earlier, and after allowing for seasonal changes, 5 percent less than in the preceding month.

The distribution of butter for relief has averaged about 12 million pounds per month in 1939. This distribution has continued even though there have been no open market purchases by governmental agencies since early in March. Holdings by governmental agencies have been reduced about 50 percent since the peak last November, but on June 1 were large enough to provide for relief distribution at the current level up until October.

Total storage holdings of butter on June 1 were decidedly above average, but the net into-storage movement in May was the smallest in a decade.

POULTRY AND EGGS

Due to rising feed costs and declining egg prices, the feed-egg ratio based on Chicago prices has been rising steadily since the week ending March 18. This is in sharp contrast to the rapid decline in the ratio last year after the middle of April. Since May 6, 1939, the ratio has been above both 1938 and the 1928-37 average. For the week ending June 3 two dozen more eggs were required to purchase a hundred pounds of feed than in the corresponding week in 1938.

The much less favorable relationship between egg and feed prices seems to be restricting somewhat the gain indicated earlier in the farm holdings of chicks. On June 1 about 3 percent more young chickens were reported on hand in farm flocks than on the same date last year, as compared with 5 percent more on May 1.

Receipts of eggs at the 4 markets have been declining seasonally during the last 2 weeks but continued above receipts a year ago. United States cold storage holdings of shell and frozen eggs on June 1 were 5 percent above last year and, on the basis of past relationships, storage stocks on August 1 may show about the same percentage increase over 1938.

Because of the increasing receipts of fresh dressed poultry, the out-of-storage movement for frozen poultry has been declining rapidly. It appears that the mid-summer carry-over of frozen poultry will be considerably larger than last year. Poultry marketings during the remaining months in 1939 are expected to continue larger than in 1938 because of the larger number of hens on farms and the increased hatch of both poults and chicks.

The farm price of chickens declined a half cent from April 15 to May 15. This was considerably more than the usual seasonal decline and more than the decline which occurred last year. The mid-May price of 13.9 cents per pound was

over 2 cents below both that of a year earlier and the 1928-37 average for May 15. The farm price of eggs on May 15 of 15.2 cents per dozen was likewise over 2 cents below both last year and the 1928-37 average.

FRUITS

As compared with 1938, larger crops of apples, peaches, apricots, plums and cherries but smaller crops of pears, California grapes, dried prunes and citrus are indicated for 1939 by June 1 condition reports.

Early peaches, cherries, apricots and plums have already begun to move in carlots to market centers, whereas marketings of early apples, pears and grapes probably will begin in the next few weeks. Shipments of California Valencia oranges from the bloom of 1938 have begun, also, and market prices in early June averaged substantially above those of a year earlier. With the marketing season for Florida oranges and grapefruit nearing completion, market prices in early June show only slight changes from early May and a year earlier. Prices of cold storage apples from the 1938 crop declined slightly during May.

The condition of the apple crop as of June 1 averaged 69 percent of normal compared with 55 percent a year earlier and 64 percent the 10-year (1928-37) average for June 1. It would indicate a total crop for 1939 somewhat larger than the 1938 crop of 132,000,000 bushels and slightly larger than the average crop of 160,000,000 bushels. Prospects are better than average in the North Atlantic and North Central groups of States but worse than average in the South Central and Western groups. In the South Atlantic group condition is average.

The peach crop is indicated to total 61,863,000 bushels, or about 10 million more than in 1938. Production in the 10 Southern early States is estimated at 16.1 million bushels, or about the same as a year ago. Harvest in some of these States is just getting started. Peach production in California, where most of the crop is used for canning and drying, is indicated to total 24.4 million bushels, or nearly 4 million more than in 1938. In the late Northern States the crop is forecast at 21.4 million bushels, or about 6 million more than last year.

United States pear production is indicated to total 30 million bushels in 1939 compared with 32.5 million in 1938. A decrease of about 3 million bushels in the 3 Pacific Coast States more than offsets an increase of about 483,000 bushels in all other States. In the 3 Pacific Coast States 1939 production of Bartlett pears is indicated to total 13.6 million bushels as compared with 15.9 million in 1938.

United States production of cherries is forecast at 180,350 tons, a new record large crop, and is nearly 40,000 tons more than in 1938 and 56,000 more than the average crop. Most of the increase this year is expected to be in the States producing largely red sour varieties.

POTATOES

Market prices of new potatoes - the principal varieties being marketed in early June - declined through most of May but regained part of the loss in early June. The declines may be attributed largely to heavy marketings from Alabama, Louisiana, South Carolina and California. Shipments from the first 3 named

States were about completed in early June, but those from North Carolina and some intermediate States were just beginning. The carlot movement from California was about one-half completed.

June 1 condition reports indicate that the 1939 crop in the first section of intermediate States will total only 9.5 million bushels compared with 11.9 million last year and 13.8 million bushels the 1928-37 average production. This small intermediate crop added to the relatively small second early production makes a total of 15.1 million bushels. Last year these 2 areas produced 18.3 million bushels. It is indicated, therefore, that the supply of potatoes likely to be available for market during the last half of June and the full month of July, exclusive of the supply remaining in California, is relatively small. Relatively low yields account for all of the decline in production in these 2 areas, since the acreage for harvest in both is slightly larger than in 1938.

No reports are available as to the indicated production of potatoes in the second section of intermediate States. The acreage planted is reported to be slightly larger than a year ago, but June 1 condition this year is about 13 percent below that of a year earlier. This situation would mean a 1939 crop in the second section of intermediate States about one million bushels short of the large 1938 production of 9.8 million bushels. Marketings from this area are not likely to get started until after the middle of July and will compete largely with early maturing varieties harvested in the Northern late States.

TRUCK CROPS

Market prices of truck crops were generally lower in early June than in early May but were about the same as in June last year. Only prices of celery, lettuce, green peas, green peppers, and sweetpotatoes were higher than a month ago. Most of the recent decline in prices may be attributed to seasonal factors, but a general weakening of demand in recent months has contributed to the lowering of the vegetable price level. In a few instances, heavy marketings were added factors.

Reports of plantings of truck crops this year to June 1 indicate an increase of nearly 2 percent over plantings in 1938. The acreage planted to second early and intermediate crops, most of which crops are marketed in late spring and early summer, is increased nearly 4 percent over that of last year. Yields per acre, however, have not been turning out so well as last year and production is indicated to be generally smaller. Notable exceptions are larger crops of second early and first section of intermediate snap beans, second early and intermediate lettuce, intermediate onions, and second section of intermediate and first section of late green peas.

Business statistics relating to the demand for farm products, specified periods

Year and month	: Nation- : al	: Nonagri- : cultural	: income : income	: 2/ : income	: duction : income	: 3/ : income	: Build- : ing	: Factory : employ-	: Income : ment	: Foreign : trial	: All : commod-	: Retail : food	: Prices : ceived	: Ratio of : prices : received
Base	1929	1924-29	1923-25	1923-25	1923-25	1923-25	1923-25	1923-25	1924-29	1923-25	1910-14	1913	1910-14	1910-14
period:														
1929	100	108	119	117	106	107	136	139	166	146	153	153	153	95
1930	93	101	96	92	92	88	124	126	158	126	145	145	145	87
1931	80	88	81	63	78	67	111	107	130	87	124	124	124	70
1932	63	69	64	28	66	46	97	95	108	65	107	107	107	61
1933	58	64	76	25	73	49	107	96	105	70	109	109	109	64
1934	66	73	79	32	86	61	116	109	117	90	123	123	123	73
1935	71	78	90	37	91	69	124	117	127	108	125	125	125	86
1936	82	90	105	55	98	80	132	118	130	114	124	124	124	92
1937	88	96	110	59	106	94	144	126	135	121	130	130	130	93
1938	82	90	86	64	87	72	141	115	125	95	122	122	122	78
1938-														
Jan.	84	91	80	52	88	74	142	118	127	102	126	126	126	81
Feb.	83	90	79	51	88	72	142	116	124	97	126	126	126	77
Mar.	83	90	79	46	88	71	142	116	125	96	125	125	125	77
Apr.	81	90	77	52	86	69	140	115	126	94	125	125	125	75
May	80	88	76	51	83	68	141	114	125	92	125	125	125	74
June	81	87	77	54	82	67	141	114	127	92	124	124	124	74
July	81	88	83	59	82	68	135	115	127	95	123	123	123	77
Aug.	82	89	88	66	86	72	134	114	124	92	122	122	122	75
Sept.	82	90	91	78	89	75	141	114	125	95	121	121	121	79
Oct.	82	90	96	82	90	76	143	113	124	95	121	121	121	79
Nov.	83	92	103	96	90	78	147	113	123	94	121	121	121	78
Dec.	84	95	104	96	91	80	144	112	125	96	120	120	120	80
1939-														
Jan.	84	92	101	86	90	80	146	112	123	94	120	120	120	78
Feb.	84	92	98	73	91	78	147	112	122	92	120	120	120	77
Mar. 11/	84	92	98	69	91	78	149	112	121	91	120	120	120	76
Apr. 11/	83	91	92	68	91	74		111	121	89	120	120	120	74
May 11/								111	121	90	120	120	120	75

Continued-

NOTES:

- 1/ Department of Commerce monthly and annual index numbers of "national income paid out", 1929 = 100. (Monthly adjusted for seasonal variation). Comprises the payments to or receipts by individuals in the form of wages, salaries, interest, dividends, entrepreneurial withdrawals, and net rents and royalties, direct relief disbursements, adjusted service payments to veterans (soldiers' bonus) and benefit payments under the Social Security program. Monthly index described in Survey of Current Business, October 1938. Revised October 1938.
- 2/ Industrial Relations Division of the Agricultural Adjustment Administration, 1924-29 = 100, adjusted for seasonal variation. Veteran bonus payments are included in 1931 and 1936 but are insignificant in other years. Nonagricultural income, without bonus payments, is 86 for 1931 and 88 for 1936. Revised November 1938.
- 3/ Federal Reserve Board index, 1923-25 = 100, adjusted for seasonal variation.
- 4/ Bureau of Labor Statistics index, 1923-25 = 100, without seasonal adjustment. Revised September 1938.
- 5/ Bureau of Agricultural Economics, 1924-29 = 100, adjusted for seasonal variation. Includes factory workers, railroad and mining employees. Revised October 1938.
- 6/ Bureau of Agricultural Economics, 1923-25 = 100, adjusted for seasonal variation. Weighted average of index numbers of industrial production for nine foreign countries - United Kingdom, France, Germany, Italy, Japan, Canada, Belgium, Czechoslovakia, and Poland. Series was revised from January 1920 through July 1935 in July 1937 - and from August 1935 through August 1937 in November 1937.
- 7/ Bureau of Labor Statistics index, 1910-14 = 100, without seasonal adjustment.
- 8/ Bureau of Labor Statistics index, 1913 = 100.
- 9/ Bureau of Agricultural Economics, August 1909-July 1914 = 100.
- 10/ Bureau of Agricultural Economics, 1910-14 = 100.
- 11/ Preliminary.

